

File 51527

NOTE FOR THE RECORD

FROM:

Chief, Retirement Division

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SUBJECT: Discussion with Andy Ruddock Regarding the Stevens/
Roth Supplemental Retirement Bill

1. In a discussion with Andy Ruddock today, he advised that the Stevens/Roth bill was being amended to give new employees and option to contribute 1.3% of salary to the defined benefit portion of the plan to:

- (a) permit retirement at age 55 with 30 years of service with unreduced benefit;
- (b) receive an accrual rate of 1.1% for first ten years of service and 1.35% for all years over 10;
- (c) reduce the thrift plan option for these employees to 50 cents per dollar up to first 6% in contributions;

Employees not electing to contribute 1.3% would:

- (1) be able to retire at 62 with unreduced benefit
- (2) receive an accrual rate of .9% for first fifteen years of service and 1.1% of all years were fifteen;
- (3) maintain original thrift plan option of full matching up to 5% of employee contributions.

2. The special classes (law enforcement, etc.) would be able to retire at age 50 with 20 years of service, or at any age with 25 years service and would also receive a supplement equal to Social Security from time of retirement to age 62.

3. Structurally, this gets closer to what we are seeking but the formula is still insufficient for our needs for people to retire voluntary at early ages. I also called [redacted] to see if she had any additional information. [redacted] had just received a copy of the revised Stevens/Roth proposal and was having copies made. We now have a copy (attached) and are analyzing to see if any other substantive changes.

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- ° SENATE AND HOUSE HAVE BEEN ADVISED WE HAVE OUR OWN LEGISLATION PENDING WITH OMB.
- ° BOTH RUDDOCK AND HUSTEAD ADVISED AGAINST THROWING IN WITH ROTH/STEVENS BILL AT THIS TIME. TO DO SO WOULD BE GIVING UP ON GETTING ANYTHING BETTER OTHER THAN WHAT COMES OUT OF ROTH/STEVENS BILL - WE ARE BETTER OFF STAYING WHERE WE ARE.
- ° WORST THAT WOULD HAPPEN - IF WE FAIL TO MAKE THE CASE FOR OUR LEGISLATION - IS WE GET PROVISIONS OF THE ROTH/STEVENS RETIREMENT BILL. WHY GIVE IN UP FRONT?
- ° ROTH/STEVENS NOT TOTALLY IN EFFECT UNTIL 1 JAN 1987. IN ALL LIKELIHOOD WILL HAVE TO BE TECHNICAL AMENDMENTS TO CLEAR UP LOOSE ENDS. IF APPROPRIATE COULD PURSUE LEGISLATION AT THAT TIME.
- ° THERE IS STILL A GOOD CHANCE ROTH/STEVENS WILL GET BETTER - HOUSE WILL WEIGH IN DURING CONFERENCE SESSIONS.
- ° IN DISCUSSION WITH OPM/OMB/CONGRESSIONAL COMMITTEES - NO OBJECTION *on* TO IN-HOUSE PROGRAM ENCOUNTERED - WE STILL NEED LEGISLATION TO DO THIS IN ANY EVENT. THIS MEANS THE VEHICLE IS STILL THERE TO PURSUE ENTIRE RETIREMENT ISSUES BENEFITS AND ALL. WRONG MOVE AT THIS TIME JEOPARDIZES ENTIRE EFFORTS.
- ° BY WAITING TO SEE WHAT DEVELOPS WE CAN:
 - (1) IF ADEQUATE FOR OUR NEEDS, SAY WE WILL USE PROVISIONS OF ROTH/STEVENS AS A MODEL FOR OUR PLAN;
 - (2) SAY ITS NOT ADEQUATE AND PURSUE WHAT WE NEED;
- ° ACTION RECOMMENDED:
 - (1) REINFORCE WITH OVERSIGHT COMMITTEES OUR CURRENT POSTURE.
 - (2) ATTEMPT TO GET SOME STATEMENT OF SUPPORT ON SENATE/HOUSE FLOOR FOR OUR SPECIAL NEEDS TO ADMINISTER OUR SYSTEM WHEN THE RETIREMENT ISSUE IS CONSIDERED.